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NEWS RELEASE

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**Arkansas PSC Initiates Development
of Statewide Conservation and Energy Efficiency Plan**

Today, the 3-member Arkansas Public Service Commission launched a statewide initiative designed to increase the level of energy conservation and energy efficiency activity in the state of Arkansas. Citing record natural gas prices and the nation's current energy crisis, along with Arkansas' ranking as one of the states with the fewest conservation and energy efficiency programs, the Commission stated that it is critical to ratepayers and the future of the state that more attention be focused on ways to reduce all consumers' electricity and natural gas usage. The Department of Energy's Energy Information Administration predicts that energy supplies will continue to be tight if not deficient for the foreseeable future, such that consumers can expect energy price increases and volatility in coming months and years. Accordingly, the PSC is committed to playing a leadership role in Arkansas, working with utilities, industry, consumer groups and other governmental agencies to identify the most cost-effective ways that all ratepayer classes can reduce their energy usage in order to better manage the level of their future utility bills. In light of the fact that Arkansas has historically enjoyed lower energy costs than many other states in the nation and region,

these efforts will also be instrumental to the state in its future economic development opportunities.

Accordingly, the Commission has established a proceeding pursuant to the Energy Conservation Endorsement Act of 1977, to explore the following four areas: (1) the potential magnitude of opportunities for cost-effective energy efficiency and conservation measures within Arkansas; (2) the degree to which utility programs can cost-effectively reduce consumption and result in more efficient energy use; (3) the types of programs that will produce the quickest and most cost-effective results for the various customer classes within Arkansas; and (4) the best methods for tracking and measuring program penetration and effectiveness. Last week, the Commission approved a 3-year Weatherization Pilot Program proposed by Arkansas Western Gas Company (Docket No. 05-111-P) and applauded the Company for being the first utility to bring such a conservation proposal before the Commission. Although experimental and small in initial scope, the AWG Weatherization program is indicative of the direction that the Commission hopes the entire State can take, in a much broader and more comprehensive fashion.

All of the Arkansas-jurisdictional electric and natural gas utilities will be involved in the Commission's exploratory discussions and subsequent development of PSC rules to guide the more comprehensive state-wide implementation efforts. The Commission anticipates that other interested stakeholders and energy experts, including those at the federal level, will be providing guidance and assistance as the Commission works to develop the first-ever statewide energy efficiency and conservation plan. In particular,

the Commission will be receiving the assistance of the Environmental Protection Agency ("EPA") through the EPA's State Energy Efficiency Partnership Program. Last year, the Arkansas Commission was one of six states in the nation to be awarded a partnership grant from the EPA. This opportunity will allow the PSC to utilize the resources and expertise of federal agencies and their consultants to identify and develop the conservation and energy efficiency measures that will be the most cost-effective and appropriate for Arkansas consumers.

The Commission will be holding a workshop and conference on February 21, 2006 to begin the process of gathering information on best practices in the energy efficiency area and discussing cost-effective opportunities in Arkansas. For more information or questions on this APSC initiative, please call Commission Chairman Sandra Hochstetter at 501-682-1455.

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